



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 7, 2008

Mr. John Zager
General Manager
Union Oil Company of California
909 West 9th Avenue
Anchorage, AK 99501

CPF 5-2008-7001W

Dear Mr. Zager:

Between September 11 and 14, 2007, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your procedures and records for Union Oil Company of California's (UNOCAL) Integrity Management Program in Anchorage, Alaska.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. **§195.452 (i) *What preventive and mitigative measures must an operator take to protect the high consequence area?* (3) *Leak detection.* An operator must have a means to detect leaks on its pipeline system. An operator must evaluate the capability of its leak detection means and modify, as necessary, to protect the high consequence area. An operator's evaluation must, at least, consider the following factors-length and size of the pipeline, type of product carried, the pipeline's proximity to high consequence area, the swiftness of leak detection, location of nearest response personnel, leak history, and risk assessment results.**

UNOCAL has not conducted an adequate analysis of its leak detection systems to evaluate the capability of its leak detection system, as necessary, to protect the high consequence area. UNOCAL's leak detection evaluation must, at least, consider the following factors: length and size of the pipeline, type of product carried, the pipeline's proximity to high consequence area, the swiftness of leak detection, location of nearest response personnel, leak history, and risk assessment results. UNOCAL initiated a review of its leak detection capabilities in 2002, but did not adopt the recommendations of the draft proposal from the Vendor, due to the multi-phase flow of the pipeline. UNOCAL chose not to adopt the Vendor's proposal at that time and as a result, UNOCAL has not formally completed the leak detection study.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in UNOCAL being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2008-7001W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,



Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Strawn (#119794)